

## Message Text

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ORIGIN EB-04

INFO OCT-01 ISO-00 /005 R

66619

DRAFTED BY EB/IFD/ODF:REBENEDICK:CU

APPROVED BY EB/IFD/ODF:REBENEDICK

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R 250045Z JUL 74

FM SECSTATE WASHDC

TO ALL DIPLOMATIC POSTS

XMT AMEMBASSY ABIDJAN

USINT BAGHDAD

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY THE HAGUE

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY RABAT

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

USMISSION OECD PARIS

USMISSION GENEVA

C O N F I D E N T I A L STATE 155405

FOLLOWING REPEAT SECSTATE 155405 SENT ABUDJAN BAGHDAD

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BONN BRASILIA BRUSSELS BUENOS AIRES CANBERRA CARACAS THE

HAGUE JAKARTA JIDDA KINSHASA LAGOS LONDON MANILA NEW  
DELHI OTTAWA PARIS ROME RABAT STOCKHOLM TOKYO USUN NEW  
YORK OECD PARIS GENEVA 18 JULY 1974. QUOTE:

C O N F I D E N T I A L STATE 155405

FOLLOWING REPAT TREASURY 180030Z JUL 74 SENT ACTION  
SECSTATE

QUOTE

C O N F I D E N T I A L

JIDDA FOR SIMON

SUBJECT: DEVELOPMENT COUNCIL: SIMON LETTER

1. POSTS ARE REQUESTED TO DELIVER AS SOON AS POSSIBLE (UNDER DATE  
JULY 17) THE FOLLOWING LETTER FROM SECRETARY OF THE TREASURY WILLIAM  
E SIMON TO:

ABIDJAN - AFRICAN DEVELOPMENT BANK PRESIDENT ADELWAHAB LABIDI

BAGHDAD - CENTRAL BANK GOVERNOR FAWZI EL KAISSI

BONN - MINISTER OF FINANCE HANS APEL

BRASILIA - MINISTER OF FINANCE MARIO HENRIQUE SIMONSEN

BRUSSELS - MINISTER OF FINANCE WILLY DE CLERCQ

BUENOS AIRES - CENTRAL BANK PRESIDENT ALFREDO GOMEZ MORALES

CANBERRA - TREASURER F. D. CREAN

CARACAS - CENTRAL BANK PRESIDENT ALFREDO LAFEE

THE HAGUE - MINISTER OF FINANCE W. F. DUISENBERG

JAKARTA - MINISTER OF FINANCE ALI WARDHANA

KINSHASA - CENTRAL BANK GOVERNOR SAMBWA PIDA NBAGUI

LAGOS - COMMISSIONER ALHAJI SHEHU SHAGARI

LONDON - CHANCELLOR OF THE EXCHEQUER DENIS HEALY

MANILA - ASIAN DEVELOPMENT BANK PRESIDENT SHIRO INOUE

NEW DELHI - MINISTER OF FINANCE Y. B. CHAVAN

OTTAWA - MINISTER OF FINANCE JOHN N. TURNER

PARIS - MINISTER OF FINANCE JEAN-PIERRE FOURCADE

RABAT - MINISTER OF FINANCE ABDEL-KADER BENSLIMANE

ROME - MINISTER OF FINANCE EMILIO COLOMBO

STOCKHOLM - MINISTER OF COMMERCE KJELL-OLOF FELDT

TOKYO - MINISTER OF FINANCE MASAYOSHI OHIRA

USUN - UN SECRETARY-GENERAL KURT WALDHEIM

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OECD PARIS - OECD SECRETARY GENERAL EMILE VAN LENNEP AND DAC  
CHAIRMAN MAURY WILLIAMS

GENEVA - GATT DIRECTOR GENERAL OLIVIER LONG

2. COPIES OF TEXT ALSO BEING DELIVERED HERE TO IBRD PRESIDENT  
MCNAMARA, IMF MANAGING DIRECTOR WITTEVEEN AND IDB  
PRESIDENT ORTIZ MENA.

3. POSTS SHOULD REPORT DATE OF DELIVERY AND ANY INITIAL  
REACTIONS THAT MAY BE RECEIVED.

4. BEGIN TEX DEAR (POST ADD APPROPRIATE SALUTATION):  
FOLLOWING OUR COMMITTEE OF TWENTY MEETING LAST MONTH  
I HAVE BEEN REFLECTING FURTHER ON WHAT SEEMS TO ME TO BE  
THE URGENT NEED FOR A HIGH-LEVEL AND RESPONSIBLE FOCAL  
POINT WHERE A COMPREHENSIVE VIEW CAN BE TAKEN OF THE  
DIVERSE INTERNATIONAL ACTIVITIES NOW UNDER WAY IN THE  
DEVELOPMENT AREA. WE NEED A FORUM WHERE EFFICIENT AND PROMPT CON-  
SIDERATION MAY TAKE PLACE ON THE  
IMPORTANT ISSUES WHICH ARISE IN THIS AREA.  
NATURALLY I FEEL THAT OUR EXPERIENCE WITH THE COMMITTEE  
OF TWENTY OFFERS THE MOST PROMISING STARTING POINT, AND  
FOR THAT REASON I WAS EXTREMELY PLEASED BY THE GROUP'S  
DECISION IN JUNE TO RECOMMEND THE CREATION OF A MINISTERIAL-  
LEVEL COMMITTEE ON THIS SUBJECT. WE MUST NOW SEE TO IT  
THAT THE COMMITTEE IS ORGANIZED EXPEDITIOUSLY AND GIVEN THE  
PROPER MANDATE AND TOOLS TO WORK WITH. BY MEANS OF THIS  
LETTER, I WOULD LIKE TO SHARE WITH YOU THE CURRENT THINKING  
ON THIS SUBJECT WITHIN THE U.S. GOVERNMENT.  
OUR CONCEPT IS THAT THE NEW COMMITTEE SHOULD  
BE ENVISIONED AS A CONTINUING BODY AND SHOULD HAVE  
A BROAD MANDATE CONCERNING ALL TYPES OF RESOURCE  
TRANSFERS TO LDC'S AND RELATED  
DEVELOPMENT QUESTIONS. IT SHOULD BE CONCERNED WITH  
ASSISTANCE EMANATING FROM INTERNATIONAL AGENCIES,  
FROM REGIONAL AGENCIES AND FROM NATIONAL SOURCES.  
AS AGREED, I BELIEVE, AMONG THOSE AT THE COMMITTEE OF  
TWENTY MEETING, THE NEW COMMITTEE SHOULD GIVE URGENT ATTENTION  
TO THE PROBLEMS OF THOSE DEVELOPING COUNTRIES MOST SERIOUSLY  
AFFECTED BY RECENT DEVELOPMENTS AFFECTING SUPPLIES AND  
PRICES OF BASIC COMMODITIES. FOR THIS PURPOSE OUR INITIAL  
PREFERENCE WOULD HAVE BEEN FOR SOME TYPE OF MEETING TO BE  
SCHEDULED LATER THIS MONTH, BUT AFTER SOME INITIAL DISCUSSION  
WITH A FEW OTHER GOVERNMENTS WE CONCLUDED THAT THE EARLIEST  
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PRACTICAL POSSIBILITY WOULD BE TO SCHEDULE THE INITIAL  
MEETING DURING THE TIME OF THE ANNUAL FUND/BANK MEETINGS  
IN WASHINGTON STARTING ON MONDAY, SEPTEMBER 30. IN VIEW  
OF THE OTHER EVENTS ALREADY SCHEDULED IT APPEARS THAT THE BEST  
TIME FOR THE FIRST MINISTERIAL MEETING WILL BE ON THE AFTER-  
NOON OF WEDNESDAY, OCTOBER 2.  
IF THAT FIRST MINISTERIAL MEETING IS TO BE MOST PRODUCTIVE  
IT SEEMS TO US THAT IT SHOULD BE PRECEDED BY A FEW DAYS BY  
A DEPUTIES' LEVEL MEETING TO PREPARE A RECOMMENDATION FOR  
A DETAILED WORK PROGRAM FOR THE FIRST YEAR. WE SUGGEST A  
MEETING ON THE MORNING OF SUNDAY, SEPTEMBER 29. AND EVEN  
IN ADVANCE OF THAT IT SEEMS ESSENTIAL THAT THERE BE A BROAD  
EXCHANGE OF VIEW AMONG GOVERNMENTS BY INFORMAL MEANS.  
WHILE I THINK THE NEW MINISTERIAL COMMITTEE WOULD WISH  
TO CHOOSE ITS CHAIRMAN FROM AMONG ITS MEMBERS, I THINK IT

WOULD BE MOST DESIRABLE TO HAVE AN ESSENTIALLY FULL-TIME EXECUTIVE SECRETARY TO THE COMMITTEE WHO COULD SERVE, AS JEREMY MORSE SO ABLY DID, AS CHAIRMAN OF ANY SUBSIDIARY GROUPS WHICH THE COMMITTEE MIGHT WISH TO CONVENE FROM TIME TO TIME. IT WOULD BE IDEAL IF BY INFORMAL BILATERAL DISCUSSION WE COULD HAVE ADVANCED BY SEPTEMBER 29 TO THE POINT OF AN INFORMAL CONSENSUS ON AN INDIVIDUAL TO BE SELECTED FOR THIS TASK. IN OUR VIEW THE MAN SELECTED SHOULD HAVE CONSIDERABLE EXPERIENCE AND COMMAND WIDESPREAD RESPECT. HE SHOULD ALSO BE PROVIDED WITH A SMALL FULL-TIME STAFF OF HIGH LEVEL EXPERTS REPORTING ONLY TO HIM.

TO OBTAIN A COMMITTEE WHICH IS BROADLY REPRESENTATIVE AND YET NOT TOO LARGE TO BE EFFECTIVE THE MOST PRACTICAL COURSE WOULD SEEM TO BE TO HAVE ONE MEMBER- PLUS THE USUAL ARRAY OF OTHER ATTENDANTS - FROM THE COUNTRIES IN EACH FUND/BANK CONSTITUENCY GROUP. IN VIEW, HOWEVER, OF THE COMMITTEE'S BROAD MANDATE, COVERING FAR MORE THAN JUST THE FIELDS OF ACTIVITY OF THE FUND AND THE BANK, AND IN VIEW OF THE DESIRABILITY IN ANY EVENT OF AN ASSURED INDEPENDENCE OF VIEW BY THE STAFF OF THE COMMITTEE, IT SEEMS TO US THAT THE NEW COMMITTEE SHOULD BE ESTABLISHED DIRECTLY BY THE GOVERNMENTS CONCERNED AND SHOULD NOT BE ESTABLISHED WITHIN THE FORMAL STRUCTURE OF THE BANK AND FUND. IT IS FOR THE SAME REASONS PROBABLY NOT DESIRABLE TO REFER TO THE NEW COMMITTEE AS A JOINT COMMITTEE OF THE FUND AND THE BANK.

ON THE OTHER HAND, IT WOULD BE VERY DESIRABLE FOR THE  
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DIFFERENT CONSTITUENCIES TO INSTRUCT THEIR EXECUTIVE DIRECTORS IN THE EXECUTIVE BOARDS OF THOSE TWO INSTITUTIONS TO SUPPORT DECISIONS IN THOSE BOARDS OFFERING ADMINISTRATIVE SUPPORT AND COOPERATION FOR THE NEW COMMITTEE. IT WOULD ALSO BE HELPFUL IF THE BOARDS OF GOVERNORS OF THE TWO INSTITUTIONS WERE ALSO TO ADOPT RESOLUTIONS IN SEPTEMBER TO ENDORSE THE ACTION OF THE EXECUTIVE BOARDS. IN TIME, WE WOULD HOPE THE NEW COMMITTEE WOULD ALSO DEVELOP CLOSE WORKING RELATIONSHIPS WITH THE UN ORGANIZATIONS, THE REGIONAL FINANCIAL INSTITUTIONS, AND OTHER BODIES, BOTH INTERNATIONAL AND NATIONAL, WHICH ARE MAKING CONTRIBUTIONS IN THIS AREA.

IF THERE WERE SUFFICIENTLY WIDESPREAD INTEREST IN THIS COURSE, I WOULD -- AS REPRESENTATIVE OF THE HOST GOVERNMENT AT THIS YEAR'S ANNUAL MEETINGS - BE PLEASED TO ISSUE INVITATIONS TO A PREPARATORY DEPUTIES MEETING AND TO A FORMAL MINISTERS' MEETING AT WHICH IT WOULD BE HOPED THAT THE MINISTERS ON BEHALF OF THEIR GOVERNMENTS COULD FORMALLY ESTABLISH THE COMMITTEE AND SET ITS COURSE FOR THE COMING YEAR. I WOULD FORWARD THE INVITATION THROUGH THE MINISTERS WHO HAVE BEEN ON THE C-20, BUT, IN RECOGNITION OF THE FACT THAT THE MEMBERS OF EACH CONSTITUENCY MAY WISH TO DECIDE ANEW ON WHICH MINISTER THEY WOULD LIKE TO REPRESENT THEM

IN THE NEW COMMITTEE, I WOULD ASK THAT COPIES OF THE  
INVITATION BE MADE AVAILABLE TO ALL MEMBERS OF EACH CONSTITUENCY.  
THUS FAR WE HAVE HAD ONLY-BRIEF OPPORTUNITIES FOR DIS-  
CUSSING THE THOUGHTS EXPRESSED IN THIS LETTER WITH MANAGING  
DIRECTOR WITTEVEEN AND PRESIDENT MCNAMARA. I AM, HOWEVER,  
MAKING COPIES AVAILABLE TO THEM AND ALSO TO THE PRESIDENTS  
OF THE ASIAN DEVELOPMENT BANK, INTER-AMERICAN DEVELOPMENT  
BANK, THE AFRICAN DEVELOPMENT BANK, THE SECRETARY GENERAL OF THE  
OECD AND THE CHAIRMAN OF THE DAC, THE DIRECTOR GENERAL OF THE  
GATT, AND THE SECRETARY GENERAL OF THE UN. I HOPE THERE WILL BE  
OPPORTUNITIES ALSO TO OBTAIN THE BENEFIT TO THEIR THINKING IN  
THE COMING WEEKS.

I WOULD BE MOST GREATFUL IF YOU COULD SHARE WITH ME  
YOUR THINKING ON THIS SUBJECT WHICH I SUSPECT WE SHALL ALL  
NEED TO BE INCREASINGLY INVOLVED IN OVER THE NEXT FEW YEARS  
AT LEAST.

SINCERELY YOURS,  
WILLIAM E. SIMON  
SECRETARY OF THE TREASURY

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UNQUOTEKISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, INSTRUCTIONS, DIPLOMATIC COMMUNICATIONS, ORGANIZATION & MANAGEMENT, COMMITTEES, INTERGOVERNMENTAL CO OPERATION, MINISTERIAL MEETINGS, FINANCIAL PROGRAMS, INTERNATIONAL ORGANIZATION S, REGIONAL ORGANIZATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE155405  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** REBENEDICK:CU  
**Enclosure:** DG ALTERED  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740193-0269  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740737/aaaabftd.tel  
**Line Count:** 250  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 APR 2002 by worrelsw>; APPROVED <24 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DEVELOPMENT COUNCIL: SIMON LETTER  
**TAGS:** EFIN, XX, US, (SIMON, WILLIAM E)  
**To:** ABIDJAN MULTIPLE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005